Rainfall HEALTH

WEBINAR SERIES

TRANSFORMING EPISODE ACCOUNTABILITY MODEL

Navigating the CMS TEAM Mandate

A hospital leader's guide to turning mandatory episode accountability into measurable margin.

FEATURING

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VP, Clinical Implementation
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Orthopedic surgeon
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INTRODUCTION

The biggest shift in surgical reimbursement in a decade

On January 1, 2026, Medicare's Transforming Episode Accountability Model — TEAM — went live. For 741 acute-care hospitals across 188 markets, it is mandatory. There is no opt-out and no voluntary on-ramp.

This guide distills a Rainfall Health webinar with three people who live inside this change every day. It's written for the executives who now own the cost and quality of an entire episode of care — from 90 days before surgery to 30 days after.

FEATURED VOICES

Jessica Ohlssen
SVP of Revenue

16+ years driving value-based payment in hospitals and health systems.

Robby Wallace
VP of Clinical Implementation

Advanced-degree Board Certified RN with ~20 years across the care continuum.

Dr. Bradley Heiges
Orthopedic surgeon

A physician partner engaged with TEAM since the model was proposed.

01 · THE MODEL

What the TEAM model actually is

TEAM is the CMS Innovation Center's mandatory, episode-based bundled-payment model. It runs from January 1, 2026 through December 31, 2030. Unlike many CMS programs before it, participation isn't a choice.

741
mandated acute-care hospitals

188
core-based statistical areas

9
census regions for benchmarking

5 yrs
mandatory run, 2026–2030

Four accountability buckets

Reimbursement flows to the hospital as the accountable entity, and it's tied to performance across all four:

- **Quality**
- **Patient satisfaction**
- **Outcomes**
- **Cost management**

No opt-out

CMS selected 741 hospitals across 188 markets for mandatory participation. Most programs before TEAM were voluntary — this one isn't.

02 · THE EPISODES

Five surgical episodes, one accountable window

Each episode begins at the anchor procedure and covers all Medicare Part A and Part B spending through 30 days post-discharge — including post-acute care, readmissions, and ER visits. Medicare Advantage is not included.

LEJR
Lower extremity joint replacement
Total hip and total knee arthroplasty — the highest-volume bundle.

SHFFT
Surgical hip & femur fracture treatment
Often urgent — the episode can begin well before day zero.

SPINE
Spinal fusion
Elective and complex, with wide variation in recovery paths.

CABG
Coronary artery bypass graft
Cardiac surgery, measured in part on 30-day mortality.

BOWEL
Major bowel procedure
High-acuity abdominal surgery with significant post-acute needs.

THE EPISODE LIFECYCLE

Anchor procedure › **Hospital care + quality capture** › **30-day post-discharge window** › **Annual reconciliation**

03 · THE RISK

Three tracks, escalating risk

Hospitals participate through one of three tracks. Where you land determines how much upside — and downside — is on the table.

TRACK 1

Glide path

Year 1 only. Upside-only with no downside, capped at 10%. The on-ramp into the model.

TRACK 2

Lower-risk, two-sided

Years 2–5, capped at 10%. Reserved for safety-net and rural hospitals.

TRACK 3

Full two-sided risk

All five years. 20% stop-gain and stop-loss. Qualifies as an Advanced APM under MIPS.

The automatic escalation: mandated hospitals that aren't safety-net or rural move from Track 1 to Track 3 after Year 1. For most systems, full two-sided risk is the destination — not the exception.

How payment is settled

1 · The target price

Actual episode spend is compared to a target built from the hospital's own history, blended with a regional benchmark, less a CMS discount for adjusted risk.

2 · The quality multiplier

The result is scaled by a composite quality score — readmissions, PSI-90, THA/TKA patient-reported outcomes, and CABG 30-day mortality, among others.

04 · THE PATIENT

A tale of two hip replacements

Same patient. Same surgeon. Same surgery. Two very different episodes. Meet Randy — 68, with uncontrolled type 2 diabetes, an active smoker, anemic, living alone with stairs, indicated for a right total hip replacement.

RANDY · AGE 68

PRE-TEAM · FEE-FOR-SERVICE

- 6-week wait, a vague "let's get your sugars down," cleared at A1C 8.
- 3 days inpatient, then a default 14-day skilled-nursing placement.
- Readmitted day 18 with a deep surgical infection — PICC line, 6 weeks of IV antibiotics.
- The surgeon doesn't see him again until day 42. The hospital is paid twice.

EPISODE COST

$42k–$55k

POST-TEAM · EPISODE-ACCOUNTABLE

- ✓ 76-day structured prehab drops A1C from 8 to 7.2; 5 weeks of tobacco cessation.
- ✓ Anemia and undiagnosed sleep apnea treated; home prepared before surgery.
- ✓ Outpatient surgery, home the same evening; continuous navigator calls, wound photos, home health, a day-14 telehealth visit.
- ✓ Day 42: walking the dog, no readmissions, patient-reported outcomes above expected.

EPISODE COST

$22k–$28k · reconciliation-eligible

The lesson: the outcome and the cost were owned by the 90 days before surgery and the 30 days after — not the operation itself.

The money moves with the model

Rainfall analyzed a California health system's actual 2024 Medicare reimbursements and extrapolated them under TEAM at the 20% Track 3 upside, across its two eligible facilities.

$73.4M

in potential new revenue identified across existing service lines under the CMS TEAM model.

UPSIDE

+$16M

potential incentive payment, per year

DOWNSIDE

–$8M

potential penalty, per year

Rainfall will run this analysis on your 2024 Medicare billings — free. Your numbers are public information; we turn them into your individual upside and downside. Email **johlssen@rainfallhealth.com** to get started.

A surgeon's view from inside the model

> "A well-done surgery is a good starting point — but it's not a guarantee."
>
> Dr. Bradley Heiges, orthopedic surgeon and TEAM physician partner

The OR door is no longer the finish line

For most surgeons, attention has ended at the operation or the post-op visit. TEAM extends accountability across the full 30 days — and the comorbidities that drive complications.

An opportunity, not a punishment

For a high-volume surgeon doing 300–700 joint replacements a year, TEAM is a chance to standardize excellent care across the whole community — and be measured on it.

Data over reputation

"Only half of providers can be in the top 50th percentile." Real, real-time data — not just Harris Hip Scores — reveals who's actually delivering, and that becomes the standard.

Not one-size-fits-all

Roughly 20% of the solution is unique to the local environment — community, referral patterns, and resources differ between Los Angeles, rural Oklahoma, and Michigan.

Collaboration is the pinnacle

TEAM unites the CPT world physicians live in with the DRG world hospitals live in — a shared accountability that previous models never quite achieved.

Rainfall Health: the end-to-end TEAM solution

An accountability and accessibility platform powered by AI — and the first and only company certified for these Medicare-mandated programs, including TEAM and CJR-X. What you get is the three Cs, plus AI-enabled care design.

Compliance

The signal through the noise — mapped to the exact steps required to stay compliant with each Medicare-mandated model.

Case management

A product-based solution that augments your team so no episode is ever left unattended.

Care coordination

We bring the post-acute network onto the same page as your hospital — where most of the episode actually happens.

AI-enabled care design

Every episode personalized to maximize the return and the outcomes the model requires.

60% of the care — and the cost — happens outside the four walls of your hospital. Winning under TEAM means owning that 60%, not just the operation.

Rainfall HEALTH

08 · GET CONNECTED

Run your numbers with Rainfall

We'll perform a free analysis of your 2024 Medicare billings and build an individualized view of your potential upside and downside under TEAM. Rainfall is the end-to-end solution — technology and services — for hospitals and health systems navigating the mandate.

LEARN MORE
www.rainfallhealth.com

REQUEST A DEMO + FREE ANALYSIS
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Watch for the next edition of the Rainfall Health webinar series.